

## Message Text

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47

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 AID-05 /072 W

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R 302140Z APR 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5378

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2976

E.O. 11652: GDS

TAGS: ELAB, EC

SUBJ: CIA INVOLVEMENT NOW ISSUE IN CEOSL DISPUTE

REF: QUITO 1895

1. SUMMARY: CEOSL #1 LEADER CHAVEZ HAS RESPONDED TO ALLEGATIONS OF CIA INVOLVEMENT IN ECUADOREAN LABOR BY CALLING FOR PRESIDENTIAL INVESTIGATION, PARTICULARLY OF PAST LEADERS OF CEOSL AND OF AIFLD/ECUADOR. MINISTRY OF LABOR HAS NO INTENTION OF INTERFERING WITH AIFLD/ECUADOR ACTIVITIES, WHICH CURRENTLY SUSPENDED WITH RESPECT TO FEUDING CEOSL GROUPS. CHAVEZ STATEMENT MAY WELL SILENCE FOR TIME ALLEGATIONS OF CIA INVOLVEMENT IN ECUADOREAN LABOR PUBLISHED BY VILLACRES CEOSL #2 GROUP. END SUMMARY.

1. APRIL 27, CEOSL #1 LEADER JOSE CHAVEZ CALLED UPON PRESIDENT RODRIGUEZ LARA TO INVESTIGATE CHARGES OF CIA INVOLVEMENT IN CEOSL. CHAVEZ STATED CIA INVOLVEMENT IN ECUADOREAN AFFAIRS COULD NOT BE TOLERATED AND ASKED THAT INVESTIGATION INCLUDE NOT ONLY THOSE CHARGED IN RECENT PUBLIC DECLARATIONS BUT PAST LEADERS OF CEOSL AND AIFLD/ECUADOR, EVEN THOUGH, HE SAID, IT HAD BEEN ASSERTED THAT AIFLD HAD NEVER DONE ANYTHING TO DAMAGE ECUADOR.

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2. CHAVEZ STATEMENT WAS RESPONSE TO ALLEGATIONS ARISING FROM PUBLICITY SURROUNDING AGEE BOOK, BUT MORE SPECIFICALLY A RESPONSE TO LETTER APPEARING IN GUAYAQUIL NEWSPAPER TELEGRAFO APRIL 22 BELIEVED PROVOKED BY LUIS VILLACRES.

THIS LETTER, SIGNED BY JOSE ICAZA ICAZA, MEMBER OF VILLACRES' EXECUTIVE BOARD, CHARGED AIFLD AS BEING CIA INTERMEDIARY FOR QUOTE INDOCTRINATION UNQUOTE OF ECUADOREAN WORKERS BY USE OF SCHOLARSHIPS ABROAD, AND ALLEGED THAT PARTICIPANTS, AMONG THEM CHAVEZ, JULIO CHANG, JORGE SALTOS, MATIAS ULLOA AND RICARDO VASQUEZ WERE CIA AGENTS. PRESENTLY, ICAZA STATEMENT CONTINUED, AIFLD/ECUADOR IS DIRECTED BY TORRES-LAZO WHO IS INTERVENING DIRECTLY IN ECUADOREAN LABOR MOVEMENT IN SUPPORT OF DISSIDENT GROUP LED BY CHAVEZ, ULLOA, VASQUEZ, CHANG, ETC., THOSE WHO HAVE BEEN DENOUNCED AS CIA AGENTS IN ECUADOR. LETTER CONCLUDES THAT IF AIFLD INSTITUTE WAS CREATED BY CIA TO QUOTE INDOCTRINATE UNQUOTE TRADE UNION LEADERS, IT IS COMMITTING TREASON TO ECUADOR; ON OTHER HAND, IF IT USES FUNDS OF US TRADE UNION MOVEMENTS IT IS COMMITTING A DOUBLE TREASON UTILIZING US WORKERS' FUNDS FOR FALSE PURPOSES.

3. IN RELATED DEVELOPMENT, PETROLEUM WORKERS (FECUAPETROL) PRESIDENT (JULIO MARIDUENA), WHO SINCE LAST VISIT OF VICTOR PALACIOS (SEE REFTTEL) MADE PUBLIC STATEMENT OF SUPPORT FOR AIFLD/ECUADOR AND IFPCW, WAS REPLACED OVER WEEKEND BY VICE PRESIDENT WHILE DISCIPLINARY COMMITTEE OF FECUAPETROL RESOLVES CHARGES AGAINST HIM OF DISLOYALTY FOR HAVING DONE SO. PETROLEUM WORKERS, AT SAME MEETING, REAFFIRMED AFFILIATION WITH ICF, THEIR CONFIDENCE IN VICTOR PALACIOS (COMMENT: AND HIS MONEY) WHO AGAIN IN COUNTRY, AND REAFFIRMED FREEZING OF RELATIONS WITH AIFLD WHILE TORRES-LAZO REMAINS IN ECUADOR.

4. BOTH ICAZA LETTER AND PETROLEUM WORKERS' ACTION ARE BELIEVED TO HAVE BEEN PROVOKED BY VILLACRES WHO SUSPECTS AIFLD CPD TORRES-LAZO OF BEING BEHIND UNITY MOVE SPARKED BY EFRAIN REDROVAN OF POSTAL WORKERS FEDERATION AND SUPPORTED BY VARIOUS LEADERS FROM BOTH CEOSL CAMPS. VILLACRES REMAINS ADAMANT IN OPPOSING ANY MOVE NOT INSTIGATED BY HIM HAVING TO DO WITH TRADE CONFIDENTIAL

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UNION MOVEMENT AND HAS, IN STATEMENTS TO HIS OWN EXECUTIVE BOARD, DEPLORED ATTITUDES OF ORIT, MINISTER OF LABOR, ITSS, ETC. FOR THEIR REFUSAL EXTEND RECOGNITION TO HIS GROUP. PROBABLY EMBASSY LABOR OFFICER, WHO HAS ADOPTED SAME POSITION, WILL SOON BE LUMPED WITH THIS COMPANY. VILLACRES HAS ALREADY PRESENTED FORMAL COMPLAINT TO LABOR OFFICER (APRIL 14) ALLEGING INTERVENTION IN ECUADOREAN LABOR AFFAIRS BY TORRES-LAZO, THAT AIFLD IS A DEPENDENCY OF US GOVERNMENT AND THREATENING LABOR OFFICER WITH COMPLAINTS TO CHARGE, ETC., IF TORRES-LAZO NOT PULLED INTO LINE. SUITABLE RESPONSE WAS GIVEN TO VILLACRES APRIL 18.

5. FOLLOWING VISIT OF AIFLD OFFICIAL VERDU IN EARLY APRIL, DECISION WAS MADE TO SUSPEND AIFLD ACTIVITIES WITH BOTH CEOSL GROUPS. DECISION WAS BASED ON HOPE THAT STOP OF PROGRAMS WOULD CAUSE PRESSURE FOR UNITY AMONG TRADE UNION RANK AND FILE AND STRENGTHEN EFFORTS OF UNITY GROUP. DECISION WAS ALSO CALCULATED TO REMOVE ANY REASON FOR FURTHER VILLACRES DISCONTENT AND ATTACKS ON TORRES-LAZO WHICH MIGHT PREJUDICE AIFLD PROGRAMS IN ECUADOR. SUBSEQUENTLY, MINISTRY OF LABOR OFFICIALS ASSURED EMBASSY OFFICER THERE WAS NO DANGER MINISTRY INTERFERENCE IN AIFLD PROGRAMS AND, IN FACT, WONDERED WHY PROGRAMS COULD NOT BE CONTINUED WITH THOSE WHO WOULD ACCEPT THEM; MEANWHILE, VILLACRES AND ALLIES CONTINUED THEIR ATTACKS. NEVERTHELESS, WHILE WATCHING DEVELOPMENTS, CPD AND AIFLD IN ECUADOR WILL FOLLOW POLICY OF NO ACTIVITY WITH CEOSL #1 OR CEOSL #2 FOR NEXT MONTH OR TWO AS DECIDED BY VERDU IN RECENT VISIT AND CONCURRED IN BY EMBASSY/USAID.

6. COMMENT: CHAVEZ' ACCUSING FINGER MAY TEMPORARILY HALT VILLACRES GROUP'S CHARGES REGARDING CIA INVOLVEMENT OF CHAVEZ AND OTHERS. BUT, REGARDLESS, PRESENT TACTIC OF AIFLD SITTING TIGHT, WHICH HAS BEEN REVIEWED AGAIN BY EMBASSY/USAID, SEEMS WISEST FOR NEAR FUTURE. HEMENWAY

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